

**FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
BOARD OF DIRECTORS MEETING**

LOCATION:
Grass Dale Center
Delaware City, DE 19706
June 13, 2018
8:30 a.m.

Meeting Minutes

Board Members:

Susan Frank, Bert Scoglietti, Courtney Stewart, Herbert Netsch, Danny Episcopo, Dale Slotter

Staff:

Jeff Randol, Executive Director
Peggy Thomas, Site Manager
Max Walton, Connolly Gallagher
Christina Thompson, Connolly Gallagher

Members of the Public:

Tim Konkus, Billie Travalini, Michael Hitch

I. Call to Order

Ms. Frank called the Fort DuPont Redevelopment and Preservation Corporation Board of Directors meeting to order at approximately 8:30 a.m.

II. Minutes

Ms. Frank asked if there were any questions or comments regarding the May 2018 meeting minutes. No questions were presented, and a motion was made to approve the minutes of the May meeting by Mr. Scoglietti and seconded by Mr. Episcopo. Motion carried.

III. Treasurer's Report

Mr. Scoglietti stated that no Treasurer's Report was prepared for the June meeting because Mr. Scoglietti and Mr. Randol have been working on a new reporting system which will take affect July 1st, 2018 when the new fiscal year begins. FDRPC will send a request for funding to replenish its accounts and Mr. Scoglietti anticipates receiving those funds by the end of July. Mr. Scoglietti stated the Bond Bill Committee meets next on Thursday, June 14th and he does not anticipate any changes in the funding appropriated to the Corporation for FY 2019. Mr. Randol noted that at the August Board Meeting, a new reporting format will be rolled out and the financials will show budgets and variances for each project and category. A motion to approve the (verbal) report Mr. Scoglietti provided was made by Ms. Stewart and seconded by Mr. Episcopo. Motion carried

V. Legal

Mr. Walton and Ms. Thompson commented as follows:

A. Black Dog Agreement- Black Dog Development has requested a small extension of the due diligence period to August 1st, 2018. There are no issues with the agreement, the group simply needs more time to obtain assessments for remediation on the six properties and that process is taking a little longer than anticipated.

B. Rockwell Agreement- Ms. Thompson provided a summary of the updated or changed terms of the Lot Purchase Agreement (LPA) with Rockwell Dupont I, LLC (Buyer) for the Canal District as follows (handout)

- Canal District Phase I: Ten (10) lots = 7 Single Family Home (SFH) lots, 3 Large Townhouse (LTH) lots
Phase II: Twenty-six (26) lots = 11 SFH lots, 7 LTH lots, 8 Small Townhouse (STH) lots
Phase III: Thirty (30) lots = 4 SFH lots, 15 LTH lots, 11 STH lots.
Rockwell has an obligation to purchase ten lots in Phase I and option to purchase lots in Phases II and III.
- Pricing – Phase I has a set purchase price of \$80,000 per townhouse lot; \$100,000 per SFH lot. Phase II: Corporation will receive 25% of base price plus options, with guaranteed minimum of \$85,000 and \$110,000 respectively, and a maximum of \$100,000 and \$120,000 respectively.
- Takedown Schedule – Phase I: 5 lots by July 1, 2019, with the first lot to be purchase by March 1, 2019. Remaining 5 lots purchased by December 31, 2019. Rockwell will build a model home on the first SFH lot they purchase. Phase II and Phase III: If Rockwell exercises its option for these phases, they will purchase a minimum of 5 lots per quarter, beginning January 1, 2020.
- Officers Row – Rockwell will purchase 2 lots of their choice at the price of \$115,000, will develop these as SFH lots, and build a spec home on the first Officers Row lot purchased. FDRPC will pay a release fee of \$50,000 per lot to Applied Bank to release its mortgage on each lot.
- Feasibility Period – The 120-day Feasibility Period has been reduced to 30 days based on due diligence that’s already occurred. At the end of the Feasibility Period, assuming the agreement moves forward, Rockwell will pay a deposit of \$30,000 which will be applied to purchase price of each lot in Phase I. If Rockwell exercises its option on Phase II and Phase III, it will make another \$30,000 deposit at the time the option is executed.
- First Right of Refusal – This option is now triggered at five units instead of the previous 12 units.

- Authority Fees – Most of the details regarding Authority Fees have been negotiated, however school impact fees are subject to further negotiation and discussion between FDRPC and Rockwell.
- HOA – With respect to Common Area Maintenance expenses, the Canal District will be exempt from the provisions of the DUCIOA (Delaware Uniform Common Interest Ownership Act) by drafting a “Declaration of Covenants, Conditions, Agreements, Restrictions and Licenses” for the whole complex. The LPA requires these documents be completed within sixty (60) days of the end of the Feasibility Period at which time the Corporation will provide estimated fees to Rockwell for disclosure purposes for potential homebuyers.

Ms. Frank asked what recourse the Corporation has if, after the first five homes are constructed, we are not happy with the builder? Mr. Randol explained that a Certificate of Occupancy cannot be issued without FDRPC’s HPC (Historic Preservation Committee) approval which gives the Corporation control over construction. As far as quality, Mr. Randol stated the Corporation has done its due diligence and knows that Rockwell builds a quality home.

Mr. Randol provided an Income and Expense Forecast for the Canal District (Handout) showing forecasted revenues and expenses for all three phases in the Canal District. Total Net Profit plus Capital Returns is forecast at approximately \$3,800,000 for all three phases.

Ms. Lee expressed concern that the FDRPC HPC would only have an advisory role and no voting power. Mr. Randol noted in response that the HPC would have authority to implement the guidelines and standards. Mr. Slotter asked if a FDRPC building permit is required to go through Delaware City’s HPC review process. Mr. Walton stated he thought that Delaware City’s HPC review process only applied to commercial buildings within the town, though he will research the matter.

A motion to enter into the Lot Purchase Agreement as presented was made by Mr. Netsch and seconded by Mr. Garvin. Motion carried.

C. National Guard Transfer - When FDRPC took title to the complex, there was an issue with the National Guard deed due to the Guard receiving federal funding. In 2016, the Board passed a resolution to grant a deed back to the state for the 15.3-acre National Guard property. Mr. Walton has finally received that agreement back from the State and the parcel is scheduled to be transferred.

D. Flood plain – FDRPC received comments and approval from DNREC and FEMA for the updated Flood Plain Ordinance and it is now scheduled for a vote at Delaware City’s Council meeting on Monday June 18th.

VI. Executive Director’s Report

Mr. Randol commented as follows:

A. Canal District

- i. Subdivision Approval – In May, Delaware City Council approved the subdivision plan for 77 lots. Some of these will be consolidated and the total number of lots will ultimately

be 71. Approval of the subdivision plan means work in the Canal District can move forward.

- ii. Soil Import- Mr. Randol has arranged to purchase suitable soil from Blenheim Homes to fill in the Canal District. The proposal includes moving 28,000 yards of dirt to the site. The soil itself is free; the cost to haul the soil is \$10.50 per yard. Mr. Scoglietti asked if the agreement with Rockwell requires all site work to be done in phases? Mr. Randol stated that due to funding, site work will be completed in phases. Mr. Randol also noted the Corporation has received an easement along the Canal from the Army Corp of Engineers, which will allow the Corporation to build the promenade in Phase I. The promenade will also serve as an access road. Ms. Frank asked if the promenade will ultimately be paved and Mr. Randol confirmed that it would.

- B. Construction Update – Construction is on hold until a small section of Officers Row is raised out of the flood plain. This in-fill is required to get a LOMAR (Letter of Map Revision, Army Corp of Engineers) and building permits. Structural work on buildings #25 and #45 has been completed as well as some external work to protect the interiors of those buildings. The permitting process for interior construction of #25 and #45 is ongoing. Work on Building #15 will resume in FY 2019.
- C. Marina Update – Plans have been finalized and the value engineering process completed, which allows the Marina permit application to be submitted this month to DNREC and the Army Corp of Engineers. If all goes well, permits for the marina will be issued within a year. The current estimated cost of the marina is \$10,000,000. RFPs are being compiled for apartments in the marina district and will be released soon. Results from the current Conference Center/Hotel Market Study will be incorporated into an RFP for same.
- D. Paynter Building – FDRPC will issue an RFP for the Paynter Building. Ms. Frank inquired about the status of potential tenants for the Paynter Building. Mr. Randol stated that the health care provider who had shown interest in an urgent care facility has decided not to pursue leasing space at this time.
- E. Mortar Bunker – A brewer and distiller have made verbal commitments to the project and talks with a restaurant operator are ongoing.
- F. Festival Update – Mr. Randol presented a handout which was a press release for the Fortify Music Festival. Ms. Frank asked if there was any feedback from the Blues Festival and Ms. Houck stated she had received only one complaint to date regarding the music volume, and Mr. Randol said this issue might be resolved by moving the stage. Ms. Frank asked who handles the ticket sales for the festival and Mr. Randol stated ticket sales are handled by EventBrite. Ms. Frank asked what M2K's role is in the festival and what the ticket prices are. Mr. Randol stated that M2K is helping to manage the event along with assisting in the brewery operation. Early Bird tickets are \$35, later tickets are \$50, and children under 12 are free. The evening prior to the event, Friday, September 28th, there will be a VIP event. Ms. Frank stated that Governor Carney will tour the fort with Representative Longhurst in July and discuss other opportunities for economic development.

V. Committee Reports

A. Economic Development - A meeting of the Respite Committee is scheduled for July 13th. Mr. Randol stated Ms. Travalini has put together a committee to research the possibility of building and funding a respite facility on the site.

B. Project Funding – No updates to report.

C. Historic Preservation – No updates to report.

D. Personnel – Ms. Frank stated that at the July meeting the Committee will discuss compensation and goals.

E. Governance Committee – No updates to report.

VI. New Business

A. Mr. Episcopo asked that the Governor Bacon Health Center residents be invited to attend future special events.

VII. Public Comment - Ms. Travalini stated she has approached people directly involved with children and young adults with disabilities to participate on the Respite Committee with no rejections, and she restated the need for such a facility.

VIII. Adjourn

There being no additional business or comments, Mr. Episcopo made a motion to adjourn the meeting, seconded by Mr. Netsch. Motion carried.